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13 RINGCENTRAL, INC.

14 IN THE UNITED STATES DISTRICT COURT

15 FOR THE NORTHERN DISTRICT OF CALIFORNIA

16 RINGCENTRAL, INC.,

17 Case No. 3:16-cv-04826

18 Plaintiff,

19 **COMPLAINT AGAINST FONALITY FOR:**

20 v.

21 **(I) FRAUD ON THE UNITED STATES
22 PATENT AND TRADEMARK OFFICE;**

23 FONALITY INC.,

24 Defendant. **(II) DECLARATION OF NO TRADEMARK
25 RIGHTS;**

26 **(III) CANCELLATION OF TRADEMARK
27 REGISTRATIONS; AND**

28 **(IV) VIOLATION OF THE CALIFORNIA
UNFAIR COMPETITION LAW**

29 **JURY TRIAL DEMANDED**

1 Plaintiff RingCentral, Inc. (“RingCentral” or “Plaintiff”), by and through its undersigned
 2 attorneys, by way of Complaint against Fonality Inc. (“Fonality” or “Defendant”), alleges as follows:

3 **I. PARTIES**

4 1. Plaintiff is a Delaware corporation with its principal place of business at 20 Davis Drive,
 5 Belmont, California 94002. Plaintiff’s cloud-based communication and collaboration platform offers a
 6 comprehensive set of capabilities that unify voice, business messaging, team collaboration, video
 7 conferencing, and online meetings.

8 2. Defendant is a Delaware corporation having an office at 200 Corporate Pointe, Suite 300,
 9 Culver City, California 90230. Defendant competes with Plaintiff in the market for business telephone
 10 systems. Defendant may be served through its agent CSC, 2710 Gateway Oaks Drive, Suite 150N,
 11 Sacramento, California 95833.

12 **II. JURISDICTION AND VENUE**

13 3. This Court has jurisdiction over this action under 15 U.S.C. § 1119, 1120, 1121 and 28
 14 U.S.C. § 1331, 1338 and 1367, and 2201.

15 4. Venue is proper in this district under 28 U.S.C. § 1391.

16 **III. INTRADISTRICT ASSIGNMENT**

17 5. This is an Intellectual Property Action which is subject to district-wide assignment.

18 **IV. JURY DEMAND**

19 6. Plaintiff demands trial by jury on all claims so triable.

20 **V. OPERATIVE FACTS**

21 **A. Fonality’s Fraud on the United States Patent and Trademark Office**

22 7. On November 11, 2005, Fonality filed an application to register the trademark HUD with
 23 the United States Patent and Trademark Office (“USPTO”).

24 8. In an office action dated June 2, 2006, the USPTO refused to register HUD on the ground
 25 that the term HUD was merely descriptive of a feature of the Fonality product:

26 The acronym HUD stands for the phrase “HEADS-UP DISPLAY” (see
 27 attached acronym definition and page from the applicant’s website). The
 28 phrase, Heads-Up Display or HUD, is defined as “any type of display that
 presents data without blocking the user’s view” and is frequently used in
 conjunction with military aviation, commercial aviation, motor vehicle and

1 other applications (see attached encyclopedia article). Therefore, the
 2 acronym HUD is merely descriptive of a feature of the applicants goods
 3 and/or services, namely, that the goods and/or services feature “display that
 4 presents data without blocking the user’s view” (HUD).

5 9. Fonality responded to that office action on July 18, 2006, but did not address the
 6 USPTO’s refusal to register the mark on the ground that it was merely descriptive of a feature of the
 7 Fonality product.

8 10. In an office action dated October 12, 2006, the USPTO issued a final rejection of the
 9 HUD mark as merely descriptive.

10 11. Fonality responded to that office action on November 27, 2006, requesting that the mark
 11 be listed on the “Supplemental Register” rather than on the “Principal Register,” thereby implicitly
 12 conceding that the HUD mark was merely descriptive and was not a trademark. The mark was thereafter
 13 listed on the Supplemental Register under Registration No. 3,203,117.

14 12. On March 25, 2015, Fonality once again applied to register the trademark HUD on the
 15 Principal Register under Application Ser. No. 86/576,695 and also applied to register the trademark
 16 HEADS UP DISPLAY under Application Ser. No. 86/576,674. The prosecution history of those two
 17 applications is identical in all material respects, and those applications are discussed together below.

18 13. In an office action dated July 4, 2015, the USPTO refused to register HUD and HEADS
 19 UP DISPLAY on the ground that those terms were merely descriptive of a feature of the Fonality
 20 product:

21 Registration is refused because the applied-for mark merely describes the
 22 purpose and function of applicant’s goods and/or services. Trademark Act
 23 Section 2(e)(1), 15 U.S.C. §1052(e)(1); see TMEP §§1209.01(b), 1209.03
 24 et seq.

25 A mark is merely descriptive if it describes an ingredient, quality,
 26 characteristic, function, feature, purpose or use of the specified goods
 27 and/or services. TMEP §1209.01(b); see *In re Steelbuilding.com*, 415 F.3d
 28 1293, 1297, 75 USPQ2d 1420, 1421 (Fed. Cir. 2005); *In re Gyulay*, 820
 F.2d 1216, 1217-18, 3 USPQ2d 1009, 1010 (Fed. Cir. 1987). Moreover, a
 mark that identifies a group of users to whom an applicant directs its goods
 and/or services is also merely descriptive. TMEP §1209.03(i); see *In
 re Planalytics, Inc.*, 70 USPQ2d 1453, 1454 (TTAB 2004).

29 Two major reasons for not protecting descriptive marks are (1) to prevent
 30 the owner of a descriptive mark from inhibiting competition in the
 31 marketplace and (2) to avoid the possibility of costly infringement suits
 32 brought by the trademark or service mark owner. *In re Abcor Dev. Corp.*,
 33 588 F.2d 811, 813, 200 USPQ 215, 217 (C.C.P.A. 1978); TMEP

1 §1209. Businesses and competitors should be free to use descriptive
2 language when describing their own goods and/or services to the public in
3 advertising and marketing materials. See *In re Styleclick.com Inc.*, 58
4 USPQ2d 1523, 1527 (TTAB 2001).

5 The Examining attorney is aware that applicant has applied for the mark
6 based on Section 2(f) acquired distinctiveness. However this mark is so
7 descriptive that a high level of evidence will be required for registration
8 under Section 2(f). See a random sampling of the proposed mark being
9 used in a descriptive term from Google.

10 14. On October 23, 2015, counsel for Fonality sent a letter to John Marlow, General Counsel
11 of RingCentral. That letter is attached hereto as **Exhibit A**. In that letter, Fonality indicated that it was
12 aware of RingCentral's use of the terms HUD and "head up display" in connection with a feature of
13 RingCentral's product similar to the "HEADS UP DISPLAY" feature of Fonality's competing product,
14 and demanded that RingCentral cease using that term.

15 15. On November 2, 2015, counsel for RingCentral sent a responsive letter to counsel for
16 Fonality. That letter is attached hereto as **Exhibit B**. In that letter, RingCentral indicated that the terms
17 HUD and "head up display" are generic, and declined to cease using those terms.

18 16. At least as of November 2, 2015, Fonality was on notice that RingCentral was using the
19 terms HUD and "head up display" in connection with RingCentral's products and services, which
20 provide similar functionality to the "head up display" feature of Fonality's competing product, and that
21 RingCentral did not intend to cease use of those terms.

22 17. RingCentral has used the terms HUD and "head up display" continuously in connection
23 with its products and services at least since June 4, 2015, and continues to use those terms today. *See,*
24 *e.g.*, <https://www.ringcentral.com/office/features/desktop-apps/overview.html>:
25
26
27
28

1 Head-up display (HUD)

2

- 3 • Single interface to view up to 100 user extensions with real-time presence, and efficiently manage multiple incoming calls from the desktop.
- 4 • Easily add, delete, and drag-n-drop extensions within the display; the list automatically synchronizes across RingCentral for Desktop and desk phones.
- 5 • Answer multiple calls, quickly transfer calls, add a caller to an existing conference, park calls, and pick up calls on behalf of other extensions.
- 6 • Efficient call monitoring directly within HUD.* Allow supervisors to listen in, coach staff, join calls, or take over the conversation.
- 7 • Communicate within seconds, sending text messages to anyone in your company.

8

9 18. Fonality did not make the USPTO aware of its correspondence with RingCentral, or of RingCentral's competing use of the terms HUD and "head up display."

10

11 19. Instead, Fonality made misrepresentations to the USPTO about whether others were using the terms HUD and "head up display" to refer to products other than Fonality's.

12

13 20. On December 15, 2015, after its exchange of correspondence with RingCentral, Fonality submitted a response to the USPTO's July 4, 2015 office action. That response contained at least two misrepresentations.

14

15 21. First, that response represented to the USPTO that:

16

17 Applicant has already provided a plurality of screen shots of various Internet discussions where the mark was referenced directly by the public with reference to the applicant. Further there are no references by the public to similar goods and services using the mark by any other owner or entity. As far as the public is concerned, the claimed mark refers to the Applicant's products.

18

19 22. In fact, as of December 15, 2015, Fonality knew that similar goods and services were offered under the HUD and "head up display" by RingCentral. On information and belief, as of December 15, 2015, Fonality was aware that members of the public were in fact using the RingCentral "head up display" feature, and thus did not associate the term HEADS UP DISPLAY exclusively with Fonality's products.

20

21 23. Second, in its response Fonality represented to the USPTO that:

22

23 according to 15 U.S.C. § 1052(f) continuous and exclusive use for a period of five years establishes a prima facie case of acquired distinctiveness.

1 Applicant has offered the prior registration on the supplemental register
 2 No. 3203117 which has been registered and in use for over 5 years.
 3

4 24. In fact, as of December 15, 2015, Fonality knew that its use of the terms HUD and
 5 HEADS UP DISPLAY had not been “exclusive,” because similar goods and services were offered under
 6 the terms HUD and “head up display” by RingCentral.
 7

8 25. On December 21, 2015, the USPTO issued a final rejection of the registration for HEADS
 9 UP DISPLAY on the ground that it is merely descriptive. The USPTO said:
 10

11 Simply stating that consumers associate the mark with the applicant is not
 12 sufficient. A review of applicant’s submissions does not support its claims.
 13 Much of the “evidence” submitted shows the proposed mark used in a way
 14 that does not indicate source. The Examining attorney submitted in the
 15 prior Office action evidence showing use of the term HEADS UP
 16 DISPLAY that is not associated with applicant.
 17

18 The USPTO indicated that, in order to register the mark, Fonality would need to provide evidence
 19 showing that consumers associate the term HEADS UP DISPLAY with Fonality.
 20

21 26. On April 15, 2016, Fonality submitted a Request for Reconsideration after Final Action,
 22 on the basis of which the USPTO allowed Fonality’s application to register HEADS UP DISPLAY on
 23 the Principal Register. But that Request for Reconsideration after Final Action included
 24 misrepresentations, but for which the USPTO would not have allowed the application, as set forth below.
 25

26 27. First, the Request for Reconsideration states that “The pending mark has been exclusively
 27 used by the Applicant in the relevant markets since October 2005.” That statement is false, at least
 28 because RingCentral had been using the terms HUD and “head up display” for a competing product, and
 29 Fonality was aware of that conflicting use.
 30

31 28. Second, the Request for Reconsideration states that “Over the period since inception,
 32 Applicant has spent over \$45 million to promote and educate the public concerning the pending mark.”
 33 On information and belief, that statement is either false or materially misleading, because, on information
 34 and belief, far less than \$45 million is attributable to promotional efforts focused solely or primarily on
 35 the HUD or HEADS UP DISPLAY marks.
 36

37 29. Third, Appendix A to the Request for Reconsideration states: “Searches in Google
 38 (Performed 4/12/2016) for the Applicant’s industry combined with the pending marks result with the first
 39 7 results pointed to the Applicant and the 8th result directed to the non-competing [sic] video game,
 40

1 ‘Second Life.’’’ In fact, however, the fifth search result set forth in that Appendix is the following:

2 **Announcing the ConnectMeVoice Heads Up Display ...**

3 www.connectmevoice.com/.../Announcing-the-ConnectMeVoice-Heads-... ▾

4 Dec 5, 2013 - This tool is used to allow users of our ConnectDirect (Voip phone
system) ... Using a heads up display can be a convenient and cost effective ...

5
6 30. ConnectMeVoice has been using the term HEADS UP DISPLAY in connection with a
7 product similar to the “HEADS UP DISPLAY” feature of Fonality’s competing product since at least
8 2013. On information and belief, ConnectMeVoice is unaffiliated with Fonality (or, in the alternative,
9 Fonality’s statement in the Request for Reconsideration that “[s]ales are all direct through the Applicant
10 with no dilution of association through a distributor” is a material misrepresentation).

11 31. Thus, Fonality’s statement that “the first 7 results pointed to the Applicant” is false. But
12 for that statement, the USPTO would not have allowed Fonality’s registration because the USPTO would
13 have understood that the evidence Fonality submitted contradicted its claim to exclusive use.

14 32. Fourth, Fonality represents that Appendix C to the Request for Reconsideration “is a
15 record of common law enforcement rights for the pending marks.” That Appendix represents that
16 Fonality’s only enforcement action was taken against a competitor called “Lightspeed CLEC,” which
17 agreed to refrain from using the term HEADS UP DISPLAY. That Appendix explicitly represents that
18 “Throughout use of the pending marks, Applicant has been diligent in maintaining exclusive use.” Those
19 representations are false, at least because RingCentral had been using the terms HUD and “head up
20 display” for a competing product, had explicitly refused to cease using those marks, and because Fonality
21 was aware of that conflicting use and refusal at the time the Request for Reconsideration was submitted
22 on April 15, 2016. But for those statements, the USPTO would not have allowed Fonality’s registration.

23 33. Following allowance, Fonality’s applications for HUD and HEADS UP DISPLAY were
24 published for opposition on June 7, 2016.

25 34. On August 16, 2016, Fonality’s counsel sent a letter to RingCentral’s counsel, once again
26 demanding that RingCentral cease its use of the terms HUD and “head up display” to refer to the head-up
27 display feature of its products and services. That letter is attached hereto as **Exhibit C**. In that letter,
28 Fonality demands compliance, and threatens that if RingCentral does not comply, Fonality “will have no

1 choice but to pursue additional legal remedies against RingCentral.”

2 35. As a result of the foregoing, an actual controversy has arisen and now exists between
3 RingCentral and Fonality as to the existence and nature of Fonality’s rights in the terms HUD and
4 HEADS UP DISPLAY.

5 **B. The Terms “HUD” and “Heads Up Display” Are Generic**

6 36. A generic term is a term that the relevant purchasing public understands primarily as the
7 common or class name for the goods or services.

8 37. Generic terms are incapable of functioning as trademarks denoting source.

9 38. “HUD” is an abbreviation for “head up display” or “heads up display.”

10 39. “Head up display” is a generic term for a display that allows a user to keep his or her eyes
11 on his or her principal task while also receiving relevant information that the user would otherwise need
12 to look down at another device in order to see.

13 40. As one federal court has recognized, in the context of a customs case regarding the
14 importation of a head-up display: “The use of the system eliminates the necessity of the pilot having to
15 shift his eyes and constantly refocus them between instrument panel and vistas outside of the plane.
16 Hence, the name ‘head-up display’ is frequently used to describe the system represented by the imported
17 merchandise.” *Librascope Div. of Singer-Gen. Precision, Inc. v. United States*, 76 Cust. Ct. 197, 199
18 (Cust. Ct. 1976).

19 41. The Fonality “heads up display” or “HUD” feature is a display that allows a user to keep
20 his or her eyes on his or her principal task (on his or her computer monitor) while also receiving relevant
21 information that the user would otherwise need to look down at another device (his or her telephone) in
22 order to see.

23 42. The RingCentral “head up display” or “HUD” feature is a display that allows a user to
24 keep his or her eyes on his or her principal task (on his or her computer monitor) while also receiving
25 relevant information that the user would otherwise need to look down at another device (his or her
26 telephone) in order to see.

27 43. Attached hereto as **Exhibit D** is an excerpt from an article published in FLIGHT
28 International magazine in December of 1968, using “head up display” as a generic term for a product

1 available from a number of different sources.

2 44. The generic use of the terms “HUD” and “heads up display” has been continuous from
3 1968 to the present.

4 45. At the time Fonality began using the term “heads up display” in connection with its heads
5 up display, that term was already recognized by the purchasing public primarily as the common or class
6 name for that type of display.

7 **VI. FIRST CLAIM FOR RELIEF: FRAUD ON THE UNITED STATES PATENT AND
8 TRADEMARK OFFICE**

9 46. RingCentral incorporates by reference the foregoing paragraphs.

10 47. Fonality made false representations of fact to the USPTO in connection with its
11 applications to register HUD and HEADS UP DISPLAY. For example, Fonality represented to the
12 USPTO that Fonality was the exclusive user of those marks in connection with the goods and services
13 described in its application, when in fact at least RingCentral was also using those marks in connection
14 with similar goods and services.

15 48. Fonality’s false representations of fact were made knowingly. For example, Fonality
16 made its misrepresentations after it had already discovered RingCentral’s conflicting use and
17 corresponded with RingCentral regarding that use.

18 49. Fonality’s false representations of fact were material. For example, it was only after
19 Fonality made its misrepresentations that the USPTO was convinced to allow the registrations for HUD
20 and HEADS UP DISPLAY, where the USPTO had previously issued final rejections of those
21 registrations.

22 50. Fonality intended to induce the USPTO’s reliance on its false representations of fact by
23 including them in its request for reconsideration and relying upon them in its arguments in favor of
24 reconsideration.

25 51. Accordingly, this Court should enter declaratory judgment that Fonality has engaged in
26 fraud on the USPTO; that any registration that issues to Fonality for HUD and HEADS UP DISPLAY is
27 subject to cancellation based on fraud in the procurement; and, to the extent those registrations issue,
28 should issue an order canceling those registrations.

1 **VII. SECOND CLAIM FOR RELIEF: DECLARATION OF NO TRADEMARK RIGHTS**

2 52. RingCentral incorporates by reference the foregoing paragraphs.

3 53. Fonality lacks any common-law or statutory trademark rights in the terms HUD and
4 HEADS UP DISPLAY, at least because those terms are generic or, in the alternative, because those
5 terms are descriptive and lack secondary meaning.

6 54. Accordingly, this Court should enter declaratory judgment that Fonality lacks any
7 common-law or statutory rights in the terms HUD and HEADS UP DISPLAY.

8 **VIII. THIRD CLAIM FOR RELIEF: CANCELLATION OF TRADEMARK REGISTRATIONS**

9 55. RingCentral incorporates by reference the foregoing paragraphs.

10 56. Fonality is not entitled to register the HUD and HEADS UP DISPLAY marks, at least
11 because those terms are generic or, in the alternative, because those terms are descriptive and lack
12 secondary meaning.

13 57. Accordingly, this Court should enter declaratory judgment that any registration that issues
14 to Fonality for HUD and HEADS UP DISPLAY is subject to cancellation because the marks are generic
15 or, in the alternative that they are descriptive without secondary meaning; and, to the extent those
16 registrations issue, should issue an order canceling those registrations.

17 **IX. FOURTH CLAIM FOR RELIEF: VIOLATION OF THE CALIFORNIA UNFAIR
COMPETITION LAW**

18 58. RingCentral incorporates by reference the foregoing paragraphs.

19 59. Fonality made material misrepresentations to the USPTO in derogation of a legal duty to
20 refrain from such material misrepresentations.

21 60. Fonality asserted invalid trademark rights in correspondence with RingCentral.

22 61. By reason of Fonality's fraudulent, deceptive, unfair, and other wrongful conduct as
23 herein alleged, Fonality had violated California Business and Professions Code § 17200 *et seq.*

24 **X. PRAYER FOR RELIEF**

25 62. Wherefore, RingCentral respectfully requests that the Court grant relief as follows:

26 a. That the Court enter declaratory judgment that Fonality has engaged in fraud on
27 the USPTO;

28 b. That the Court enter declaratory judgment that any registration that issues to

Fonality for HUD and HEADS UP DISPLAY is subject to cancellation based on fraud in the procurement;

c. That, to the extent registrations issue to Fonality for HUD and HEADS UP DISPLAY, that the Court issue an order canceling those registrations on the ground of fraud in the procurement;

d. That the Court enter declaratory judgment that Fonality lacks any common-law or statutory rights in the terms HUD and HEADS UP DISPLAY;

e. That the Court enter declaratory judgment that any registration that issues to Fonality for HUD and HEADS UP DISPLAY is subject to cancellation because the marks are generic or, in the alternative, that they are descriptive without secondary meaning;

f. That, to the extent registrations issue to Fonality for HUD and HEADS UP DISPLAY, that the Court issue an order canceling those registrations on the ground that those terms are generic;

g. That the Court preliminarily and permanently enjoin Fonality from further attempted enforcement of rights in HUD and HEADS UP DISPLAY, and from further fraud on the USPTO in connection with those terms;

h. For damages according to proof;

i. That the Court award RingCentral its attorneys' fees and costs; and

j. For such other and further relief as the Court deems just and proper.

Dated: August 22, 2016

DURIE TANGRI LLP

By: _____ /s/ *Clement S. Roberts*
CLEMENT S. ROBERTS

Attorneys for Plaintiff
RINGCENTRAL, INC.